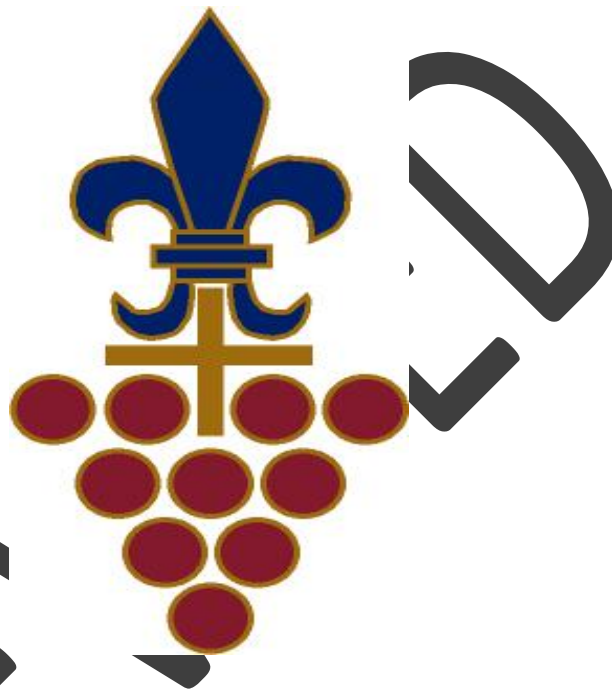


## **APPENDIX 10**

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# **STELLENBOSCH MUNICIPALITY**



## **INDIGENT POLICY**

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**2017/2018**

**REVISED**

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## **PREAMBLE**

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The Stellenbosch Municipal Council accepts and acknowledges its Constitutional duties and mandate in terms of Section 96 of the Local Government: Municipal Systems Act No 32 of 2000 towards the community/consumers of Stellenbosch Municipality (WC024).

Council further acknowledges that due to the level of unemployment and consequential poverty in the municipal area, there are households incapable of paying for basic municipal services.

Indigent relieve measures are thus a fundamental requirement that is achievable only within sustainable budgets set by Council as well as support and direction via National Government.

Concomitantly, it must be stated that indigent households equally have the responsibility of managing their levels of consumption and that they are responsible for the payment of municipal services that are consumed in excess of the Free Basic Services levels as described in this Policy.

In order to give effect to the foregoing, the Council of Stellenbosch Municipality has adopted a policy relating to indigence as set out hereinafter.

## 1. DEFINITIONS AND QUALIFICATIONS

The introduction of free basic services will ensure that indigent consumers have access to basic services.

“Basic Services” is that level of services delivered by Stellenbosch Municipality at reduced or at no cost to the Indigent consumer and which the Council has considered reasonable and sustainable within budget constraints.

### 1.1 Subsidy:

Subsidies are granted from external funds, allocated by the National Government as an Equitable Share allocation, to subsidize Indigent households with specified levels of basic services; This is based on a:

- (a) Level of income enabling Indigent households to pay for a basic package of municipal services; and/or
- (b) Municipal property value that sets the level at which indigent support may be granted.
- (c) Subsidy scheme that is promoted through the press and by means of personal referral, but principally via referrals by the credit control and debt recovery section of Stellenbosch Municipality.

### 1.2 Family (Household):

- (a) A natural family (household) is defined as a family unit comprising of the head of the family, being a natural person, ~~and~~. The family may include blood related or adopted dependants.
- (b) The head of the family must be a South African citizen and have permanent residency.
- (c) The head of the family should be the registered owner or part owner of the property, the registered lessee of a Council housing unit, or the registered lessee of a Government owned housing unit, or a person being the head of the family who is incapable of paying for basic municipal services and who must reside in said property/unit. The head of the child-headed family shall be deemed to meet these criteria.
- (d) To register as an indigent consumer the head of the family must personally complete and sign the registration form.
- (e) A child-headed household for purposes of this Policy will mean a household where the main caregiver of said household is not older than 18 years of age and is a child as defined in Section 28(3) of the Constitution.

Child-headed households will only be approved on the basis of the following criteria:

- (i) both parents of the household ~~are deceased~~~~have died~~, or one parent and/ or guardian is deceased~~has died~~ and the other is totally alienated from the household;
- (ii) a minor has assumed the role of caregiver in respect of the another minor(s) in the household;
- (iii) such minors reside permanently on the property;
- (iv) such minors, and exclusively only minors occupy the property as their normal residence;

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- (v) such minors are scholars or unemployed and if income is derived, the household earns less than the qualifying income as envisaged in paragraph 1.5(b) of this Policy ~~and~~;
- (vi) the situation pertaining to the household has been verified by Stellenbosch Municipality ~~and~~;

(vii) the situation pertaining to the household will be reviewed when the main caregiver reaches the age older than 18 years.

▲ (f) Indigent households living in homes for senior citizens shall be eligible to qualify for assistance and support under this Policy, subject to the following rules and procedures:

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(i) The onus will be on the unit owner or lessee to apply and submit proof that the electricity connection is in the name of the Indigent consumer and not the corporate body for the purposes of passing/issuing the free basic electricity units.

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(ii) In the event of the unit being occupied by a single individual without any dependents as per paragraph 1.2(a) above, the level of income to qualify shall be equal to or less than 50% (fifty percent) of the Indigent Income Threshold (as per paragraph 1.5(b) of this Policy) per month.

### ▲ 1.3 Basis of Subsidy:

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▲ (a) Only formal or informal housing units utilized for residential purposes will be taken into consideration for the purpose of this subsidy, being the provision of free basic services.

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▲ (b) All informal structures where a prepaid electricity meter has been installed by Stellenbosch Municipality will qualify for this subsidy. In the cases where off-grid electricity is supplied by an authorised service provider appointed in terms of paragraph 1.7.2 of this Policy such households will also qualify for a subsidy, which subsidy will be paid directly to the authorised service provider.

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▲ (c) Applications deviating from the above will only be considered after a detailed investigation and evaluation by Stellenbosch Municipality.

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### ▲ 1.4 Liability for payment of municipal accounts:

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▲ (a) Subsidies will only be granted to households liable for the payment of municipal service fees.

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(b) Subsidies will only be granted by means of a credit on municipal accounts and free basic electricity vouchers or in the form of subsidy paid directly to the authorised service providers of off-grid electricity as envisaged in paragraph 1.3(b) of this Policy. No subsidy will be paid directly to any Indigent consumer or household in the form of cash or any such disbursement.

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(c) Households are liable for the payment of fees, as stated on the monthly account, for any service in a given month that exceeds that service's subsidy.

(d) Monthly accounts, as well as the instalments arranged in respect of the repayment of debt, must be paid punctually and in full. If required, ~~and~~ after reasonable alternatives have been exhausted, the process to recover debt from indigent consumers will be dealt with in terms of the Credit Control and Debt Collection Policy and procedures of the Municipality.

(e) Prepaid electricity meters will be installed on all properties of formal households before receiving indigent subsidies to prevent escalation of debt.

- (f) Water management devices may be installed on properties of formal households before receiving indigent subsidies to prevent escalation of debt.

## 1.5 Qualifying income:

- (a) Gross household income is defined as the earnings of the head of the family, plus any other financial contribution towards the household income by any other dependant or occupant.
- (b) The maximum qualifying income level for a household as described in paragraph 1.2 of this Policy will be equal to or less than ~~R5 0005 5006 000~~ per month (to be known as the Indigent Income Threshold). Proof must be produced in the form of pay slips, unemployment certificates, income certificates or other acceptable proof of income.
- (c) Should proof of income not be available, income may be declared by means of a sworn statement. Such applications will be verified by means of a full investigation and a socio-economic survey.

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## 1.6 Targeting mechanisms:

The following principles for the granting of free basic services apply:

- (a) Properties in respect of which property tax is levied on a maximum municipal valuation amount as per paragraph 8.2.1 of the Stellenbosch Municipality's Rates Policy per residential property or for a residential unit occupied by the registered lessee of a Council housing unit will qualify as follows:
  - (i) The municipal valuation of a property will be used as the guiding threshold. The Valuation Threshold will be set by the municipal valuation as per paragraph 8.2.1 of the Stellenbosch Municipality's Rates Policy for residential properties. ~~The indigent household has to apply for service subsidies as per paragraph 3 of this Policy.~~

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## 1.7 Free basic services :

Stellenbosch Municipality will provide the following basic services at reduced or at no cost to the Indigent consumer:

### 1.7.1 Formal Households

Free basic services for Formal households will consist of the following:

- (a) 60 kWh electricity per household per month subject to it being supplied via a prepayment metering system as the qualifying criteria for a registered indigent household to be placed on the Lifeline Electricity Tariff; Should the Indigent Household choose not to install a pre-paid meter, no free electricity units will be applicable;
- (b) a basic charge for water and a maximum of 10 kl water per household per month;
- (c) a service subsidy not exceeding the cost of one refuse unit in respect of a single residential property not exceeding an area of 250m<sup>2</sup> and a maximum valuation not exceeding the amount as per paragraph 8.2.1 of the Stellenbosch Municipality's Rates Policy;
- (d) a service subsidy not exceeding the cost of one sewerage service unit supplied to residential properties with a maximum area of 250m<sup>2</sup>; and/or
- (e) 50% of the applicable tariff for clearances of septic tanks.

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### 1.7.2 Informal Settlement Households

Free basic services for Informal Settlement Households will consist of the following:

- (a) ~~10060~~ kWh electricity per household per month; or
- (b) a maintenance and operations subsidy (equivalent in rand value to 60kWh electricity per household per month) for off-grid solar home systems, operated by a municipal approved service provider or Energy Service Company (ESCO).  
*(In the case of off-grid electricity subsidies as contemplated above, Stellenbosch Municipality may, subject to a detailed review by the Revenue Section appoint an authorised service provider to provide the maintenance and operations function for a group or groups of indigent recipients of off-grid electricity at a maximum rand equivalence of the value of ~~10060~~ kWh electricity per household per month.)*
- (c) Other services (specifically water, sewerage and refuse removal services) are not billed for.

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### 1.7.3 Indigent households residing in homes for senior citizens

Free basic services for qualifying households residing in homes for senior citizens as per paragraph 1.2(f) of this Policy will consist of ~~10060~~ kWh electricity per household per month.

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### 1.8 Free bulk services

Free Bulk Service shall be the provision of services (water stand pipes, high mast lighting, ablution facilities and refuse removal) to informal settlements.

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The cost of the provision of free bulk services is recovered from the Equitable Share Allocation from National Government and processed monthly.

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### 1.9 Other concessions

- (a) Registered indigent consumers limited to the immediate family occupying the property excluding any extended family members could qualify for a discount of up to 50% (fifty percent) on the approved fees and tariffs for non-trading services (refer paragraph (d) below) as defined by Council from time to time subject to application to the Director: Community and Protection Services.
- (b) Proof of registration as an indigent consumer must be obtained from the Credit Control Section of Financial Services prior to the application for the discount being made.
- (c) For the purposes of clarity, other categories of consumers (other than registered indigent consumers) such as back yard dwellers, farm workers and lessees of other property earning equal to or below the Indigent Income Threshold per month, may also qualify for the concessions (i.e. a discount of up to 50% (fifty percent) on the approved fees and tariffs, limited to the services envisaged in paragraph (d) below.
- (d) Discounted non-trading Services; refers to:
  - (i) Community hall discounts.
  - (ii) Burial fees in sections of cemeteries without head stones (i.e. crosses or flat stone areas only) and cremations when available. This concession is only applicable for burials on Mondays to Saturdays, excluding Public Holidays. Farm workers must provide written confirmation regarding the burial site from the farm owner.

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## 2. ALLOCATION OF SUBSIDIES

- (a) The subsidy in any given month and service will be an amount not exceeding the amount as reflected in the Council's approved Tariff Schedules for services as per paragraphs 1.7 and 1.9 of this Policy~~subsidy table (refer Annexure 1)~~ for Indigent households.
- (b) Only one subsidy per service per household may be allocated in any given month.
- (c) Subsidy levels may be adjusted from time to time, depending on the availability of funds.
- (d) Lessees of subsidized housing units already receiving a municipal subsidy for the alleviation of municipal service costs included in rentals will not qualify for an Indigent subsidy. Should the latter subsidy be more advantageous, such a lessee may request that the Indigent subsidy replace the Rental subsidy.

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## 3. APPLICATIONS FOR INDIGENT SUBSIDIES

- (a) Self-targeting applications (i.e. applications submitted by individuals) will be required if the property does not qualify within the Valuation Threshold parameter as described in paragraph 1.6 (a) of this Policy or if a household considers themselves to be an indigent household.
- (b) Self-targeting applications lodged by means of the prescribed application form will be considered by Stellenbosch Municipality.
- (c) Such households may be visited by employees of Stellenbosch Municipality or approved service providers, where after a written recommendation would be considered.
- (d) The maximum subsidy may be granted to households with no income, even if the corresponding accounts are not paid in full. The status of any change of employment must be reported to Stellenbosch Municipality for the purposes of reviewing the subsidy.
- (e) Indigent~~Each~~ subsidy applications must be renewed~~may be followed up at least~~ every 12 months to ensure that circumstances did not change to such an extent that it might~~could~~ have an influence on the granting of such a subsidy. An Indigent consumer shall automatically be de-registered if an application is not renewed and such subsidy will be cancelled. Normal credit control procedures will be applicable on arrear accounts of such cancelled applications.
- (f) The municipality has the right to disclose a list of Indigent households for public inspection, which may include the publication thereof.
- (g) In a case of misrepresentation or any other transgression of the conditions for the provision of subsidies, the subsidy will be withdrawn with immediate effect and not be reconsidered for a period of at least 12 months. Legal actions may be instituted to recover subsidies obtained under false pretences.
- (h) Indigence relief will not apply in respect of property owners with more than one property, whether such property is situated inside or outside the area of jurisdiction of Stellenbosch Municipality (WC024).
- (i) Subsidies will not be granted on a pro-rata basis and applications received after the twentieth day of a month will be granted in the following month.

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4. **PROPERTY TAX REBATES BASED ON MUNICIPAL VALUATION**

This Policy only addresses indigent ~~subsidies and subsidy as provided for in Annexure 1. Any~~ any form of rates rebate is addressed as provided for in the Rates Policy of Stellenbosch Municipality.

5. **SHORT TITLE**

This Policy is the Indigent Policy of the Stellenbosch Municipality.

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**ANNEXURE 1**

**FREE BASIC SERVICES FOR THE PERIOD:  
1 July 2016 to 30 June 2017**

Service	Basis of calculations	Maximum Amount (R) (VAT Excl.)
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Water	10 kl per month + Basic Fee	
Sewerage	Limited to a plot size of 250m <sup>2</sup>	
Refuse	One small domestic refuse unit	
Electricity	60 kWh per month	
Total per month		

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